

**LIMITED 203(k) REFINANCE TRANSACTION
MAXIMUM MORTGAGE CALCULATION**

Step 1:	Establishing Financeable Repairs and Improvement Costs , Fees and Reserves	
A.	Financeable Repair and Improvement Costs and Fees Total <i>(Sum of A1 thru A4)</i>	\$ _____
	1. Costs of construction, repairs and rehabilitation	\$ _____
	2. Inspection Fees <i>(For work performed during rehabilitation)</i>	\$ _____
	3. Title Update Fees	\$ _____
	4. Permit Fees	\$ _____
B.	Financeable Contingency Reserves	\$ _____
C.	Financeable Mortgage Fees, if charged <i>(Sum of C1 and C2)</i>	\$ _____
	1. Origination Fee <i>(Greater of \$350 or 1.5% of (Sum of 1A+1B))</i>	\$ _____
	2. Discount Points <i>(Applied to the sum of 1A+1B)</i>	\$ _____
D.	Total Rehabilitation Costs, Fees, and Reserves <i>(Sum of 1A , 1B & 1C)</i> <i>(Not to exceed \$35,000)</i>	\$ _____

Step 2:	Establishing Value		
A.	Existing Debt on property being refinanced	\$ _____	
B.	Total Rehabilitation Costs, Fees and Reserves <i>(Step 1D)</i>	\$ _____	
C.	Fees Associated with the new loan	\$ _____	
D.	Sum of 2A + 2B + 2C		\$ _____
E.	As-Is Property Value <i>(As-is Appraisal required for properties acquired <12 mos. before case # assignment date (except gift/inheritance), OR if Step 2A + 2B > Step 2G)</i>		\$ _____
F.	Adjusted As-Is Value <i>(If As-is appraisal is obtained, then the As-is property value (Step 2E) = Adjusted As-Is Value, OR if As-is appraisal <u>is not</u> obtained, then Step 2A + 2C = Adjusted As-is Value)</i>		\$ _____
G.	After Improved Value <i>(Appraisal Subject to Repairs and Improvement)</i>		\$ _____
Step 3:	Calculating Maximum Mortgage Amount		
A.	Step 2D total		\$ _____
B.	Sum of Step 2F + Step 2B <i>(Adjusted As-is Value + Total Rehab costs)</i>		\$ _____
C.	Step 2G <i>(After improved value)</i> x 110% (100% if Condo)		\$ _____
D.	Lesser of (Step 3B or 3C) x LTV Factor from Step 3G _____%		\$ _____
E.	Nationwide Mortgage Limit		\$ _____
F.	Lesser of (3A, 3D, or 3E) = Initial Base Mortgage Amount		\$ _____
G.	Determining Loan-to-Value Factor for Maximum Mortgage Eligibility _____%		
	Basis	Criteria	Maximum LTV Factor
	MDCS	At or above 580	<input type="checkbox"/> 97.75%
	MDCS	Between 500 and 579	<input type="checkbox"/> 90%
	Secondary Residences	With HOC Approval	<input type="checkbox"/> 85%
	No Credit Score	Manual Underwriting required	<input type="checkbox"/> 97.75%
	Note: MDCS = Minimum Decision Credit Score		

Mortgagees must consult HUD Handbook 4000.1 for detailed guidance on all 203(k) loan transactions.

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Step 4:	Additions to Initial Base Mortgage Amount for EEM, and/or Solar/Wind Energy <i>Note: If no EEM or Solar/Wind addition, then Final Base Mortgage amount (4G) = Step 3F</i>	
A.	Energy Efficient Mortgage (EEM) Improvement Amount	\$ _____
B.	Intermediate Base Mortgage Amount = Step 3F + Step 4A	\$ _____
C.	Solar/Wind Energy System Actual Cost	\$ _____
D.	Step 2G x 20% (After-Improved Value x 20%)	\$ _____
E.	Lesser of (Step 4C or Step 4D) = Maximum financeable Solar/Wind Energy amount	\$ _____
F.	Step 3E x 120% (Nationwide Mortgage Limit x 120%)	\$ _____
G.	Final Base Mortgage Amount = Lesser of (Sum of Step 4B + Step 4E) or Step 4F	\$ _____

Step 5:	Calculating the LTV for Application of Annual MIP <i>Note: If no EEM or Solar/Wind addition, then Final Base Mortgage amount (4G) = Step 3F</i>	
A.	MIP LTV = 4G divided by 2G (Final Base Mortgage Amount divided by After Improved Value)	_____ %

Step 6:	Establishing the Rehabilitation Escrow Account	
A.	Rehabilitation Escrow Account (Sum of A1 thru A3)	\$ _____
	1. Repair and Improvement Costs, Fees & Reserves (Step 1D)	\$ _____
	2. Cost of EEM, weatherization or solar energy systems	\$ _____
	3. Borrowers Own Funds for Contingency Reserves (if not financed in 6:A1)	\$ _____
B.	Initial Draw at Closing Total (Sum of B1 thru B4)	\$ _____
	1. Permit Fees	\$ _____
	2. Origination Fees (Step 1:C1)	\$ _____
	3. Discount Points (Step 1:C2)	\$ _____
	4. Up to 50% of materials and labor costs for contractor deposit (when permitted per policy)	\$ _____
C.	Rehabilitation Escrow Amount Balance for future draws = 6A minus 6B	\$ _____

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